



**VENTUREPHARM LABORATORIES LIMITED**

**萬全科技藥業有限公司 \***

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 8225)

**FIRST QUARTERLY REPORT 2011  
FOR THE THREE MONTHS ENDED 31 MARCH 2011**

*\*for identification only*

FIRST QUARTERLY REPORT  
FOR THE THREE MONTHS ENDED 31 MARCH 2011

*Characteristics of the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)*

*GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investor should be aware of the potential risk of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.*

*Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.*

*The principal means of information dissemination on GEM is publication on the Internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazette newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.*

*The Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This report, for which the directors (the “Directors”) of Venturepharm Laboratories Limited (the “Company”) collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*



# VENTUREPHARM LABORATORIES LIMITED

## 萬全科技藥業有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 8225)

The Directors are pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2011, together with the comparative figures.

### HIGHLIGHTS

1. The Group achieved a turnover of RMB 14,500,000 for the three months ended 31 March 2011 representing an increase of approximately 13% compared with the corresponding period of 2010.
2. The Group achieved operating profit about RMB 2,955,607 for the three months ended 31 March 2011 representing an increase of approximately 48% compared with the corresponding period of 2010.
3. Basic earnings per share is approximately 0.42 cents for the three months ended 31 March 2011,
4. Directors do not recommend to do the payment of any interim dividends for the three months ended 31 March 2011.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unaudited			
Three months ended 31 March			
		2011	2010
	Notes	RMB'000	RMB'000
Turnover	2	14,500	12,825
Cost of sales		(8,750)	(7,620)
<b>Gross profit</b>		5,750	5,205
Administrative expenses		(2,794)	(3,202)
<b>Profit from operations</b>		2,956	2,003
Other income		87	(41)
Finance costs		(868)	(761)
Profit before income tax		2,175	1,201
Income tax	6	(663)	(157)
<b>Profit for the period</b>		1,512	1,044
<b>Attributable to :</b>			
Owners of the parent		1,481	1,146
Non-controlling interests		31	(102)
		1,512	1,044
<b>Earnings per share (cent)</b>	4		
- basic		0.42	0.29
- diluted		0.42	0.29

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share Based Payment reserve	Available for-sales Financial Assets reserve	Special Reserve	Capital reserve	Statutory reserve	Statutory enterprise fund expansion	Retained earnings	Total	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At											
January											
2010	38,469	2,946		6,039	1,459	3,803	6,986	51,825	111,527	1,377	112,904
Profit											
for the											
period								1,146	1,146	(102)	1,044
At 31											
March											
2010	38,469	2,946	-	6,039	1,459	3,803	6,986	52,971	112,673	1,275	113,948
At 1											
January											
2011	38,469	3,627		6,039	1,459	3,803	6,986	(5,103)	55,280	1,045	56,325
New											
issue of											
shares	62				248				310		310
Profit											
for the											
period								1,481	1,481	31	1,512
At 31											
March											
2011	38,531	3,627		6,039	1,707	3,803	6,986	(3,622)	57,071	1,076	58,147

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting policies and basis of preparation

The unaudited condensed financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs) HKAS 34 Interim Financial Reporting. In addition, the financial statements comply with the applicable disclosure provisions of Rule 18, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The accounting policies adopted are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2010.

The accounts have been prepared on a consolidated basis and include the financial statements of the Company and its subsidiaries. All the internal trades, balance of trade, and the unrealized profit should be counteracted. Up to the date of 31 March 2011 the merger performance together with the assumed group structure at present is compiled based on its established status all along.

### 2. Revenue and segment information

Breakdown of the revenue from all services is as follows:

	Unaudited	
	Three months ended 31 March	
	2011	2010
	RMB' 000	RMB' 000
<b>Analysis of revenue by category</b>		
Contracted clinical research services (VPS)	9,800	3,400
Contracted pharmaceutical development services (PDS)	4,700	7,780
Import registration services (IRS)		275
Royalty income		1,200
Sales of active pharmaceutical ingredients products (API)		170
Total	14,500	12,825

### 3. Dividends

Directors do not recommend to do the payment of any interim dividends for the three months ended to 31 March 2011.

#### 4. Earnings per share

The amount of basic and diluted earnings per share is calculated respectively according to the unaudited net profit approximately RMB 1,481,000 (Approximately RMB 1,146,000 the corresponding period of 2010) and the quantity of 364,243,264 shares(2010:363,511,664shares) which is weighted average number of the ordinary shares had been issued during the period for the three months ended to 31 March.

#### 5. Segment information

As over 80% assets and operations of the group are located in China during this period, there is no geographical segment analysis.

#### 6. Income tax

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit generated in Hong Kong for the three months ended 31 March 2011 (2010: Nil).

PRC Enterprise Income Tax has been calculated on the estimated assessable profit for the period according to the relevant laws and regulations. The applicable income tax rate is 25% (2010: 25%).

	Unaudited	
	Three months ended 31 March	
	2011	2010
	RMB' 000	RMB' 000
PRC enterprise income tax		
-current year	663	157

## MANAGEMENT DISCUSSION AND ANALYSIS

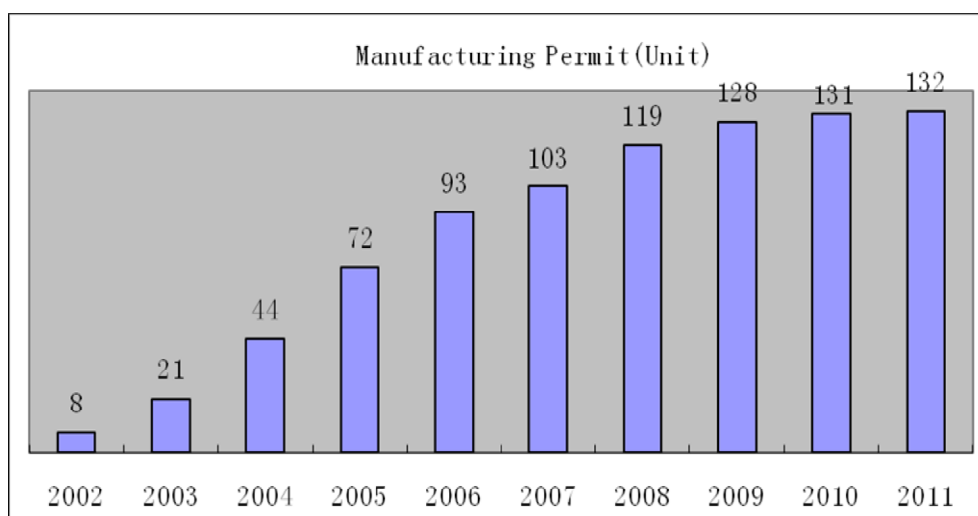
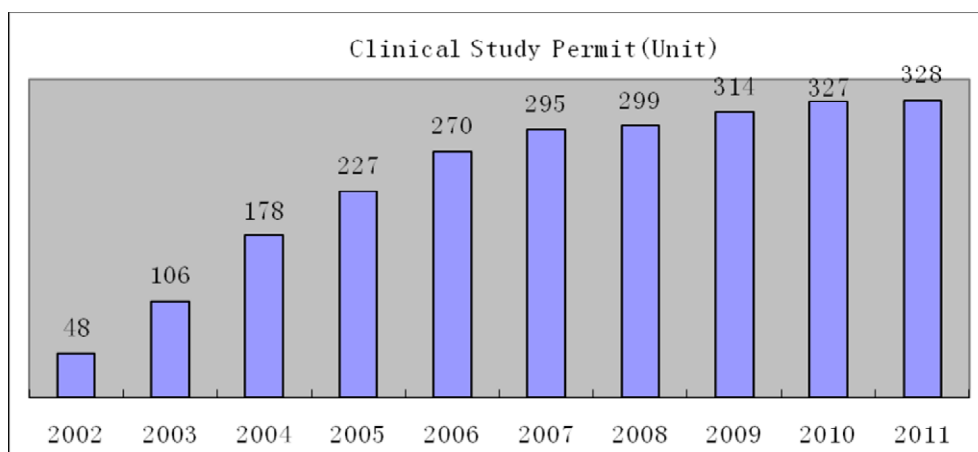
### FINANCIAL REVIEW

The Group achieved a turnover of RMB 14,500,000 for the three months ended 31 March 2011, representing an increase of approximately 13% compared with that of the corresponding period in 2010.

### BUSINESS HIGHLIGHTS

The Group has initiated 46 new projects up to the date 31 March 2011. During the period, SFDA has granted 1 new Clinical Study Approval (“CA”) and 1 new Manufacturing Approval (“MA”) to the Group. The total number of CAs has reached 328 and the total number of MAs has climbed up to 132

The group has clinical study permits and production license as follows:





## **Sales and marketing**

For the three months ended 31 March 2011, the Group has signed 19 contracts with contract value of RMB 11,467,500.

## **Patent**

The group has always placed great emphasis on the protection of intellectual property rights since its incorporation and up to 31 March 2011, the Group has applied over 500 patents

## **PROSPECTS**

The group has made best efforts to improve its service capacities and performance in R&D outsourcing service by providing fully integrated pharmaceutical services that including drug discovery, API (Active Pharmaceutical Ingredient), PDS (Pharmaceutical Development Service), Pre-clinical research, CRS (Contract Research Service), RAS (Regulatory Affairs Service), CMS (Contract Manufacturing Service) and CSS (Contract Sales Service). At the same time, the Group believes that as the government further standardizes and implements its supervision, the market environment will become more favorable to the Group given its competitive edge. At the same time, the investment from Chinese government into the scientific research of biologic and pharmaceutical technology will stimulate greatly to the R&D service market. The upcoming new booming age of the pharmaceutical industry will not only present the Group with rare and precious business opportunities, but also considerable return for the shareholders.

## **Dividends**

Directors do not recommend the payment of any interim dividends for the three months ended 31 March 2011.

## **SIGNIFICANT INVESTMENTS**

The Company invested its surplus fund through its principal bank in investment market funds, which was RMB 59,797,203 at 31 March 2011.

## **CONTINGENT LIABILITIES**

As at 31 March 2011, the Group did not have any contingent liabilities.

## **FUTURE PLANS FOR SIGNIFICANT INVESTMENTS OR CAPITAL ASSETS**

Other than those disclosed in the Company's public announcements, the Group does not have any other plans for significant investments or capital assets.

## **CAPITAL STRUCTURE**

There has not been any significant change to the capital structure in the three months ended 31 March 2011.

## **FOREIGN EXCHANGE EXPOSURE**

During the period under review, the Group's transactions were substantially denominated in Renminbi ("RMB"). In view of the RMB appreciation trend, the Group engaged in risk-free value-added banking activities in due course and transferred its USD-denominated businesses to RMB-denominated businesses according to the relevant business scale. The Group closely monitors its foreign currency risk from time to time and will use appropriate hedging when necessary.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the three months ended 31 March 2011.

## **COMPETING INTERESTS**

As at 31 March 2011, none of the directors or the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business that competes or may compete with the business of the Group.

## **CORPORATE GOVERNANCE**

### **(1) Corporate governance practices**

The Company applied the principles and fully complied with the Code Provision as set out in Appendix 15 of the GEM Listing Rules ("CG Code") with certain deviations save as disclosed in respect of the roles of chairman and chief executive officer.

### **(2) Directors' securities transactions**

The Company has adopted the Company Code for Securities Transactions by Directors of Listed Issuers in compliance with the provisions that are set out in the GEM Listing Rules as its own code of conduct for Directors' dealings of securities since 29 September 2005. Specific enquiries have been made with all Directors and the Directors confirmed that they have complied with the required standard set out in the Company Code in the period from 1 January 2011 to 31 March 2011.

### **(3) Chairman and chief executive officer**

Chairman of the Board is responsible for the leadership and effective running of the Board, and ensures that all keys and appropriate issues are discussed by the Board in a timely and constructive manner.

However, the chief executive of the Company has not yet been appointed. Currently, the day-to-day management of the Company's business is handled by the executive directors and senior management, who take the responsibility to run the Group's business and to implement the Group's strategy so as to achieve the overall commercial objectives of the Company.

**(4) Board practice and procedures**

During the period from the date of listing to 31 March 2011, the Company has been in compliance with the board practices and procedures as set out in Rule 5.34 of the GEM Listing Rules.

**(5) Audit committee**

The audit committee was established with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual reports and accounts, half-yearly reports and quarterly reports and internal control system of the Group and provide advice and comments to the Board. The audit committee has three members comprising the three Independent Non-executive Directors, Mr. WANG Hong Bo, Mr. Paul CONTOMICHALOS and Mr. WU Ming Yu. Mr. WANG Hong Bo is the chairman of the audit committee. The company's financial statements for the three months ended 31 March 2011 have been reviewed by the audit committee.

**(6) Directors' Acknowledgement of Their Responsibility for the Financial Statements**

The Directors acknowledge that they take full responsibility in the preparation of the financial statements.

**By Order of the Board**  
**William Xia Guo**  
**Chairman**

Beijing, PRC, 20 June, 2011

*Executive Directors:*

William Xia GUO

Maria Xuemei SONG

*Non-Executive Directors:*

FENG Tao

WU Xin

Nathan Xin ZHANG

*Independent Non-Executive Directors:*

WANG Hong Bo

Paul CONTOMICHALOS

WU Ming Yu

This announcement will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least 7 days from the day of its posting.